

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

|   |                                  |
|---|----------------------------------|
| "NOTICE OF INTENTION" (NOI): (File No.) | <u>M/043/004</u>                 |
| (Mineral Mined)                         | <u>"Mancos" Shale</u>            |
| "MINE LOCATION":                        |                                  |
| (Name of Mine)                          | <u>Utelite Mine</u>              |
| (Description)                           | <u>T1S, R5E, SE1/4 Sec 5 and</u> |
|   | <u>N1/2 Sec 8, SLBM</u>          |
|   | <u>Summit County, Utah</u>       |
| "DISTURBED AREA":                       |                                  |
| (Disturbed Acres)                       | <u>48.7</u>                      |
| (Legal Description)                     | <u>(refer to Attachment "A")</u> |
| "OPERATOR":                             |                                  |
| (Company or Name)                       | <u>Utelite Corporation</u>       |
| (Address)                               | <u>P O Box 387</u>               |
|   | <u>Coalville, Utah 84017</u>     |
| (Phone)                                 | <u>(801) 359-8541</u>            |

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Carsten Mortensen, Vice Pres, Gen. Manager  
P O. Box 387

Coalville, Utah 84017

(801) 467-2800

(Phone)

"OPERATOR'S OFFICER(S)":

Fred Mortensen, President

Carsten Mortensen, Vice Pres, Gen Manager

Neal Mortensen, Secretary/Treasurer

"SURETY":

(Form of Surety - Exhibit B)

Self Bonding and Indemnity Agreement

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Utelite Corporation

"SURETY AMOUNT":

(Escalated Dollars)

\$101,800

"ESCALATION YEAR":

1994

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

\_\_\_\_\_  
\_\_\_\_\_

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/043/004 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.




NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 12<sup>th</sup> day of February 19 91.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY   
Chairman, Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

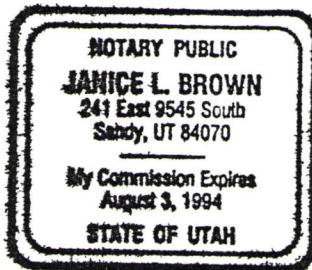
By DIANNE R. NIELSON  
Director

1-14-91  
Date

Dianne R. Nielson  
Signature

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss:

On the 14th day of January, 19 91, personally appeared before me, who being duly sworn did say that he/she, the said Dianne R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Janice L. Brown  
Notary Public  
Residing at: Sandy, Utah

August 3, 1994  
My Commission Expires:




OPERATOR:

Operator Name: UTELITE CORPORATION

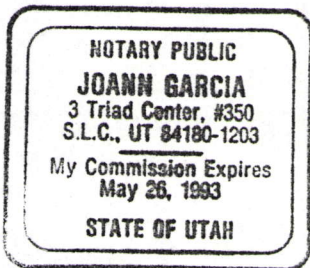
By Carsten Mortensen - Gen Manager/Vice Pres  
Corporate Officer - Position


November 30, 1990  
Date

  
Signature

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 30th day of November 30, 19 90, personally  
appeared before me JoAnn Garcia who being  
by me duly sworn did say that he/she, the said Carsten Mortensen  
is the General Manager/Vice President of Utelite Corporation  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Carsten Mortensen duly acknowledged to me that said  
company executed the same.



  
Notary Public  
Residing at: Salt Lake City, Utah

May 26, 1993  
My Commission Expires:

Attachment "A"  
(description)

UTELITE MINE  
Utelite Corporation  
Summit County, Utah

M/043/004

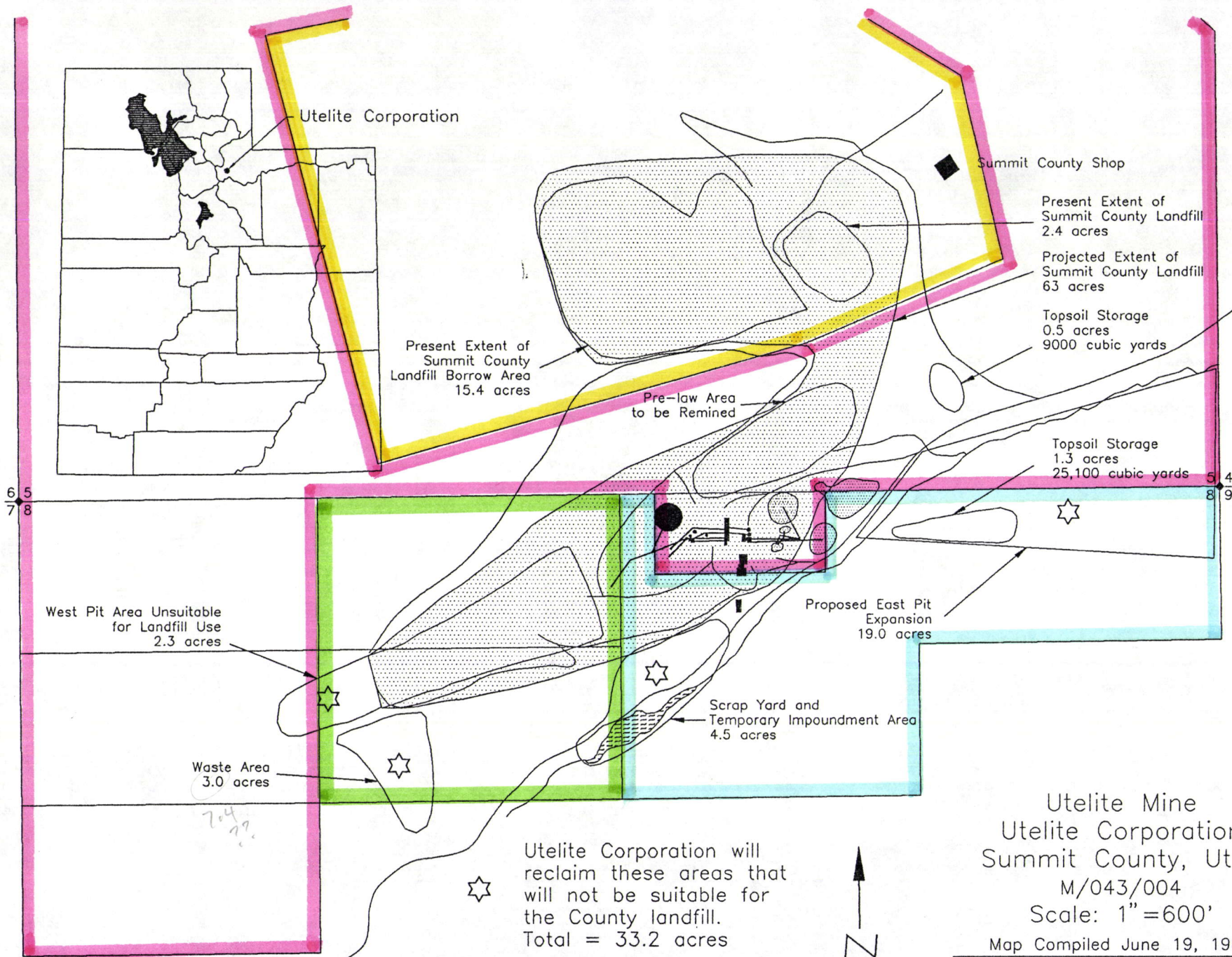
Disturbed Area Description 12/28/90  
(see attached map)

|                             | <u>Acres</u> |
|-----------------------------|--------------|
| Proposed East Pit Expansion | 19.0         |
| Impoundment/Scrap Yard      | 4.5          |
| Waste Area                  | 3.0          |
| Entire West Pit             | 10.0         |
| Plant Site                  | 7.3          |
| Pre-law Area, Remined       | 4.4*         |
| Topsoil Storage             | 0.5*         |
| Total                       | 48.7 Acres   |

\*Areas not included in previous DOGM estimates

jb  
M/043/004





State of Utah  
Natural Resources  
Oil, Gas and Mining